

CR 16 00435

EJD

NC

2016 OCT 20 P 251
COURT OF MARY SOONG
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

THE UNITED STATES OF AMERICA

vs

JINNIE CHAO

INDICTMENT

COUNTS 1-5: 18 U.S.C. § 1341 – Mail Fraud

COUNTS 6-10: 18 U.S.C. § 1343 – Wire Fraud

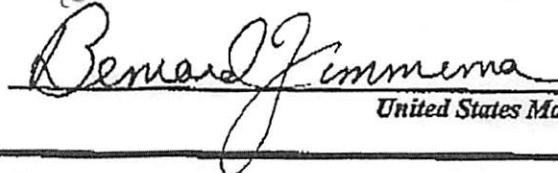
COUNTS 11-16: 18 U.S.C. § 1957(a) – Money Laundering

A true bill.



Foreperson

Filed in open court this 20th day of October
A.D. 2016



Bernard J. Timmerman
United States Magistrate Judge

Bail. \$ No Bail

1 BRIAN J. STRETCH (CABN 163973)
2 United States Attorney
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FILED
OCT 20 2016
SUSAN Y. SOONG
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

11 UNITED STATES OF AMERICA,
12 Plaintiff,

13 v.
14

JINNIE CHAO,

15 Defendant.
16
17
18

) NO. CR - 16 - 00435 EJD NC
) VIOLATIONS:
) 18 U.S.C. § 1341 – Mail Fraud
) 18 U.S.C. § 1343 – Wire Fraud
) 18 U.S.C. § 1957 – Money Laundering
) 18 U.S.C. § 981(a)(1)(C) – Mail Fraud and Wire
) Fraud Forfeiture
) 18 U.S.C. § 982(a)(1) – Money Laundering Forfeiture
)
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)
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)

21 INDICTMENT

22 The Grand Jury charges:

23 BACKGROUND

24 At all times relevant to this Indictment:

25 1. Defendant JINNIE CHAO was an individual residing in Hillsborough, CA.
26 2. Los Altos Dental Care (“LADC”) was a dental care practice located in Los Altos, CA.
27 3. A.S. was a licensed dentist and sole owner of A. Salem, D.D.S., Inc. which operates LADC.
28 4. Wells Fargo Bank was a national bank with retail branches in multiple U.S. states. Every wire

1 transfer sent to or from a Wells Fargo Bank account automatically triggered an electronic wire
2 communication to a server located in either North Carolina, Oregon, or Colorado. As such, all wire
3 transfers alleged in this Indictment that transferred funds to or from a Wells Fargo Bank account were in
4 interstate and foreign commerce.

5 5. J.P. Morgan Chase Bank was a national bank with retail branches in multiple U.S. states. Every
6 wire transfer sent to or from a J.P. Morgan Chase Bank account automatically triggered an electronic
7 wire communication to a server located in Delaware, before forwarding to the bank's Treasury Services
8 Department in Florida. As such, all wire transfers alleged in this Indictment that transferred funds to or
9 from a J.P. Morgan Chase Bank account were in interstate and foreign commerce.

10 6. Global Pay was a national credit card processor specializing in point-of-sale credit card, debit
11 card, ACH and gift card processing. Every wire transfer sent to, from, or through Global Pay
12 automatically triggered an electronic wire communication to a server located in either Delaware or
13 Georgia. As such, all wire transfers alleged in this Indictment that transferred funds to, from, or through
14 Global Pay were in interstate and foreign commerce.

THE SCHEME TO DEFRAUD

16 7. Beginning in or about 2008, defendant CHAO assisted A.S. with marketing and clerical duties at
17 LADC.

18 8. From approximately May 2008 through February 2012, defendant CHAO engaged in an illegal
19 scheme to defraud A.S. and LADC of money and property by representing that she was assisting A.S.
20 with management of LADC's dental business and bookkeeping while defrauding A.S. and LADC of
21 thousands of dollars in monetary payments made by patients and insurers for dental services provided by
22 A.S. and LADC.

23 9. In furtherance of this scheme to defraud, in May 2008, defendant CHAO changed the LADC
24 State of California Articles of Incorporation Statement of Information to falsely represent that CHAO
25 was the Chief Executive Officer, Secretary, and Chief Financial Officer of A. Salem D.D.S., Inc.

26 10. It was further part of the scheme to defraud that from approximately February 2011 through
27 January 2012, defendant CHAO opened two business bank accounts with Wells Fargo Bank in the name
28 of A. Salem D.D.S., Inc. and deposited checks payable to A.S. or LADC into the Wells Fargo Bank

1 accounts, all without A.S.'s authorization or knowledge. Defendant CHAO deposited approximately
2 \$216,124 in checks into the first account and approximately \$99,367 in checks into the second account.

3 11. It was further part of the scheme to defraud that on or about November 2, 2011, defendant
4 CHAO submitted to the United States Postal Service an Official Mail Forwarding Change of Address
5 Order requesting all mail addressed to "Jinnie Chao" and "Los Altos Dental Care" be forwarded from
6 LADC's office to a P.O. Box she had rented in Los Altos without A.S.'s authorization or knowledge in
7 order to fraudulently obtain checks belonging to A.S. and LADC.

8 12. It was further part of the scheme to defraud that on or about January 4, 2012, defendant
9 CHAO submitted a Direct Deposit Account Change Request to Global Pay, LADC's credit card
10 payment processor, changing the bank of deposit for LADC's credit card payment transactions from
11 LADC's Heritage Bank account to the Wells Fargo Bank accounts CHAO had opened, all without
12 A.S.'s authorization or knowledge.

13 13. It was further part of the scheme to defraud that from in or about June 2011 through in or
14 about December 2011, defendant CHAO spent thousands of dollars from the Wells Fargo Bank account
15 to make mortgage payments on real estate properties she owned, to purchase a Mercedes Benz registered
16 in her name, to transfer thousands of dollars to her son, J.C., and to make numerous everyday purchases,
17 all without A.S.'s authorization or knowledge.

18 14. It was further part of the scheme to defraud that in January 2012, defendant CHAO opened a
19 J.P. Morgan Chase Bank account in the name of "A SALEM DDS INC DBA A.S. DDS" and deposited
20 approximately \$10,932.56 in checks payable to A.S. or LADC into the J.P. Morgan Chase account, all
21 without A.S.'s authorization or knowledge. Defendant CHAO then transferred the \$10,932.56 from the
22 J.P. Morgan Chase Bank account to CHAO's personal Chase Bank account.

23

24 **COUNTS ONE THROUGH FIVE: (18 U.S.C. § 1341 – Mail Fraud)**

25 15. Paragraphs 1 through 14 of this Indictment are hereby re-alleged and incorporated by
26 reference as if set forth in full herein.

27 16. From in or about November 2011, through in or about January 2012, in the Northern District
28 of California, the defendant,

1 JINNIE CHAO,

2 did knowingly and with the intent to defraud and deprive, took and received from an authorized
 3 depository for mail the following matter, for the purpose of executing and attempting to execute the
 4 above-described scheme and artifice to defraud, and to obtain money and property by means of
 5 materially false and fraudulent pretenses, representations, and promises, in violation of Title 18, United
 6 States Code, Section 1341.

7 Count	Approx. Date	Use of Mail
8 1	11/10/2011	A check dated 11/10/11, in the amount of \$3,655.90 sent via U.S. Mail from Delta Dental, P.O. Box 997330, Sacramento, CA 95899, mailed to 925 North San Antonio Road, in Los Altos, CA., but forwarded to P.O. Box 1622, Los Altos, CA 94023.
10 2	11/17/2011	A check dated 11/17/11, in the amount of \$1,153.77 sent via U.S. Mail from Delta Dental, P.O. Box 997330, Sacramento, CA 95899, mailed to 925 North San Antonio Road, in Los Altos, CA., but forwarded to P.O. Box 1622, Los Altos, CA 94023.
13 3	11/17/2011	A check dated 11/17/11, in the amount of \$2,598.10 sent via U.S. Mail from Delta Dental, P.O. Box 997330, Sacramento, CA 95899, mailed to 925 North San Antonio Road, in Los Altos, CA., but forwarded to P.O. Box 1622, Los Altos, CA 94023.
15 4	12/08/2011	A check dated 12/08/11, in the amount of \$1,969.20 sent via U.S. Mail from Delta Dental, P.O. Box 997330, Sacramento, CA 95899, mailed to 925 North San Antonio Road, in Los Altos, CA., but forwarded to P.O. Box 1622, Los Altos, CA 94023.
18 5	12/22/2011	A check dated 12/22/11, in the amount of \$6,037.29 sent via U.S. Mail from Delta Dental, P.O. Box 997330, Sacramento, CA 95899, mailed to 925 North San Antonio Road, in Los Altos, CA., but forwarded to P.O. Box 1622, Los Altos, CA 94023.

20 COUNTS SIX THROUGH TEN: (18 U.S.C. § 1343 – Wire Fraud)

21 17. Paragraphs 1 through 14 of this Indictment are hereby re-alleged and incorporated by
 22 reference as if set forth in full herein.

23 18. From in or about February 2011, through in or about January 2012, in the Northern District of
 24 California, the defendant,

26 JINNIE CHAO,

27 did knowingly cause to be transmitted the following wire communications in interstate and foreign
 28 commerce, for the purpose of executing and attempting to execute the above-described scheme and

1 artifice to defraud, and to obtain money and property by means of materially false and fraudulent
 2 pretenses, representations, and promises, in violation of Title 18, United States Code, Section 1343.

Count	Approx. Date	Description of Wire
6	1/6/2012	Wire transfer in the amount of \$1,834.20 from Delta Dental's Wells Fargo Bank account to J.P. Morgan Chase account ending in -4379.
7	1/6/2012	Wire transfer in the amount of \$1,119.00 from CIGNA Dental's Bank of America account to J.P. Morgan Chase account ending in -4379.
8	1/6/2012	Wire transfer in the amount of \$603.00 from CIGNA Dental's Bank of America account to J.P. Morgan Chase account ending in -4379.
9	1/18/2012	Wire transfer for Los Altos Dental Care in the amount of \$274.00 from Global Pay to Wells Fargo Bank account ending in -7946.
10	1/19/2012	Wire transfer for Los Altos Dental Care in the amount of \$550.00 from Global Pay to Wells Fargo Bank account ending in -7946.

11 COUNTS ELEVEN THROUGH SIXTEEN: (18 U.S.C. § 1957(a) – Money Laundering)

12 19. Paragraphs 1 through 14 of this Indictment are hereby re-alleged and incorporated by
 13 reference as if set forth in full herein.

14 20. From in or about May 2011, through in or about January 2012, in the Northern District of
 15 California, the defendant,

16 JINNIE CHAO,

17 did knowingly engage in the following monetary transactions, in and affecting interstate commerce, in
 18 criminally derived property of a value greater than \$10,000, that was derived from specified unlawful
 19 activity, namely mail fraud in violation of Title 18, United States Code, Section 1341, and wire fraud in
 20 violation of Title 18, United States Code, Section 1343.

Count	Approx. Date	Description of Transaction
11	10/25/2011	Wire transfer of \$49,154.08 from Wells Fargo Bank account -6736 to Wells Fargo Bank account -6298.
12	11/10/2011	Wire transfer in the amount of \$13,445.31 from Wells Fargo Bank account ending in -7946 to Chase Bank account ending in -4738
13	12/7/2011	\$17,928.31 check (#1013) drawn on Wells Fargo Bank account ending in -7946 used to purchase Mercedes Benz at Smythe European Mercedes Benz.
14	12/8/2011	Wire transfer in the amount of \$13,445.31 from Wells Fargo Bank account ending in -7946 to Chase Bank account ending in -4738

15	1/13/2012	Wire transfer in the amount of \$13,445.31 from Wells Fargo Bank account ending in -7946 to Chase Bank account ending in -4738
16	1/19/2012	Wire transfer in the amount of \$10,932.56 from J.P. Morgan Chase Bank account ending in -4379 to J.P. Morgan Chase Bank account ending in -1650.

FORFEITURE ALLEGATION: (18 U.S.C. §§ 981(a)(1)(C), 982(a)(1), and 28 U.S.C. § 2461(c))

21. Paragraphs 1 through 20 are hereby realleged and incorporated by reference for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Sections 981(a)(1)(C), 982(a)(1), and Title 28, United States Code, Section 2461(c).

22. Upon conviction of an offense alleged in Counts One through Ten in the Indictment, a violation of Title 18, United States Code, Sections 1341, and 1343, the defendant,

JINNIE CHAO,

shall forfeit to the United States of America pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), any property, real or personal, that constitutes or is derived from or is traceable to the proceeds obtained directly or indirectly from the commission of the offense of conviction.

23. Upon conviction of an offense alleged in Counts Eleven through Sixteen in the Indictment, a violation of Title 18, United States Code, Section 1957, the defendant,

JINNIE CHAO,

shall forfeit to the United States of America pursuant to 18 U.S.C. § 982(a)(1), any property, real or personal, involved in such offence, or any property traceable to such property.

24. If any of the property described above, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty;

the United States of America shall be entitled to substitute property pursuant to 21 U.S.C. § 853(p), as incorporated by 18 U.S.C. § 982(b)(1).

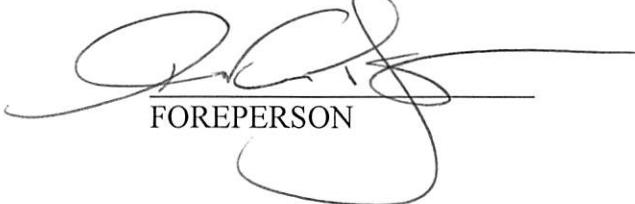
1 All in violation of 18 U.S.C. §§ 981(a)(1)(C), 982(a)(1), and Rule 32.2 of the Federal Rules of
2 Criminal Procedure.

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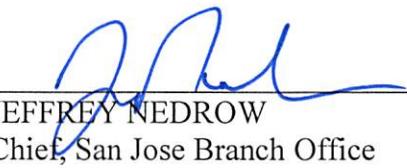
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5 DATED: 20 Oct 2016

6 A TRUE BILL.

7 
FOREPERSON

8 BRIAN J. STRETCH
United States Attorney

9 
10 JEFFREY NEDROW

11 Chief, San Jose Branch Office

12

13

14 (Approved as to form: Maia Perez)
15 AUSA PEREZ

DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION - IN U.S. DISTRICT COURT

BY: COMPLAINT INFORMATION INDICTMENT SUPERSEDING

OFFENSE CHARGED

COUNTS 1-5: 18 U.S.C. § 1341 – Mail Fraud

 Petty

COUNTS 6-10: 18 U.S.C. § 1343 – Wire Fraud

 Minor

COUNTS 11-16: 18 U.S.C. § 1957(a) – Money Laundering

 Misdemeanor

PENALTY:

SEE ATTACHED SHEET

 Felony

Name of District Court, and/or Judge/Magistrate Location

NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

CR -

DEFENDANT - U.S.

JINNIE CHAO

DISTRICT COURT NUMBER

16 00435

FILED
Oct 20 2014
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SUSAN Y. SOONGEJD
NC

DEFENDANT

IS NOT IN CUSTODY

Has not been arrested, pending outcome this proceeding.

1) If not detained give date any prior summons was served on above charges2) Is a Fugitive3) Is on Bail or Release from (show District)

IS IN CUSTODY

4) On this charge5) On another conviction} Federal State6) Awaiting trial on other charges

If answer to (6) is "Yes", show name of institution

Has detainer Yes
been filed? No} If "Yes"
give date
filed

DATE OF ARREST

Month/Day/Year

Or... if Arresting Agency & Warrant were not

DATE TRANSFERRED
TO U.S. CUSTODY

Month/Day/Year

Name and Office of Person
Furnishing Information on this form BRIAN STRETCH U.S. Attorney Other U.S. AgencyName of Assistant U.S.
Attorney (if assigned)

AUSA MAIA PEREZ

 This report amends AO 257 previously submitted

PROCESS:

 SUMMONS NO PROCESS* WARRANT

Bail Amount: None

If Summons, complete following:

 Arraignment Initial Appearance

* Where defendant previously apprehended on complaint, no new summons or warrant needed, since Magistrate has scheduled arraignment

Defendant Address:

Date/Time: _____ Before Judge: _____

Comments:

ADDITIONAL INFORMATION OR COMMENTS

PENALTY SHEET

COUNTS ONE THROUGH FIVE: (18 U.S.C. § 1341 – Mail Fraud)

- Imprisonment: Maximum 20 Years
- Fine: Maximum \$250,000 or an amount equal to twice the amount pecuniary gain or loss
- Supervised Release: Maximum 5 Years
- Special Assessment: Mandatory \$100

COUNTS SIX THROUGH TEN: (18 U.S.C. § 1343 – Wire Fraud)

- Imprisonment: Maximum 20 Years
- Fine: Maximum \$250,000 or an amount equal to twice the amount pecuniary gain or loss
- Supervised Release: Maximum 5 Years
- Special Assessment: Mandatory \$100

COUNTS ELEVEN THROUGH SIXTEEN: (18 U.S.C. § 1957(a) – Money Laundering)

- Imprisonment: Maximum 10 Years
- Fine: Maximum \$250,000 or an amount equal to twice the amount pecuniary gain or loss, or twice the amount of the criminally derived property involved in the transaction
- Supervised Release: Maximum 3 Years
- Special Assessment: Mandatory \$100